



# WASHOE COUNTY

Integrity Communication Service  
[www.washoecounty.us](http://www.washoecounty.us)

CM/ACM	<u>JS</u>
Finance	<u>JB</u>
DA	<u>DR</u>
Risk Mgt	<u>—</u>
HR	<u>AF</u>
Other	<u>CH</u>

## STAFF REPORT

BOARD MEETING DATE: March 14, 2017

**DATE:** Tuesday, February 21, 2017

**TO:** Board of County Commissioners

**FROM:** Cathy Hill, Comptroller, Comptroller's Department  
328-2563, [chill@washoecounty.us](mailto:chill@washoecounty.us)

**THROUGH:** Christine, Vuletich, Assistant County Manager  
328-2000, [cvuletich@washoecounty.us](mailto:cvuletich@washoecounty.us)

**SUBJECT:** Ratify the reimbursements requested from the Washoe County, Nevada OPEB Trust for the fiscal years 2015 and 2016 totaling \$21,249,089 for retiree health insurance costs to the Washoe County Health Benefits Fund. (All Commission Districts)

---

### SUMMARY

Reimbursements made from the Washoe County, OPEB Trust Fund to the Washoe County's Health Benefits Fund for retiree health insurance costs must be ratified by the Board of County Commissioners at least annually. Reimbursements for fiscal years 2015 and 2016 have not yet been ratified.

**Washoe County Strategic Objective supported by this item:** Sustainability of our financial, social and natural resources.

### PREVIOUS ACTION

Through negotiations with Washoe County employee associations, the Board of County Commissioners (BCC) agreed to prefund the retiree health benefit program annually at the actuarially-determined current cost beginning July 1, 1996.

On June 24, 1997, the BCC approved a resolution to create the Pre-Funded Retiree Health Benefits Fund to accumulate sufficient funds to help pay future retiree health benefits. The BCC approved budgeted transfers from the General Fund to the Pre-Funded Retiree Health Benefits Fund each fiscal year from 1997 through 2009.

On May 11, 2010, the BCC created the Washoe County, Nevada Other Post-Employment Benefits (OPEB) Trust Fund, an irrevocable trust which replaced the Pre-Funded Retiree Health Benefits Fund. Funds totaling approximately \$73 million which had been accumulated in the Pre-Funded Retiree Health Benefits Fund were transferred to the Trust in fiscal year 2010.

Annually from fiscal year 2010 to present, the BCC has approved budgeted transfers from the General Fund to the Trust. Funds accumulated in the Trust may only be used to provide for post-employment healthcare benefits, as set forth in the Trust Agreement.

On April 14, 2015 the BCC authorized staff, as directed by the Comptroller's Office, to request reimbursements from the Trust to the Health Benefits Fund on a quarterly basis. All such requests will be reviewed and ratified by the BCC at least annually.

On January 12, 2016 the BCC established a formal policy directing County staff to request reimbursement from the Trust for the full cost of the retiree health benefits program on a quarterly basis.

### **BACKGROUND**

Since the Trust's inception, established practice has been for the Comptroller's Office staff to prepare the County's request for reimbursement to the Health Benefits Fund on a quarterly basis, for the OPEB Board of Trustees' approval. A review of the Trust Agreement and the Administrative Rules & Procedures of the Board of Trustees determined that the Trustee had not been requiring the County to follow the procedures outlined in section 5.1 of the Trust Agreement for transfer of funds from the Trust to the County. Legal counsel for the Trust advised that the BCC may grant approval in advance for quarterly reimbursement to the Health Benefits Fund from the OPEB Trust as directed by the Comptroller's Office, with subsequent ratification by the BCC.

The reimbursements represent net accumulated expenses incurred in the Washoe County Health Benefits Fund for retiree health care, and are presented for approval by the Trustees of the OPEB Trust at their quarterly meetings. Upon approval by the OPEB Trustees, the reimbursement is made.

Due to staffing changes in the Comptroller's Office and on the OPEB Board of Trustees, the reimbursements made for fiscal years 2015 and 2016 were not submitted to the BCC for ratification.

The following represents the reimbursement to be ratified:

Washoe County OPEB Plans				
Quarter Ended	WCRHBP	PEBP Plan	Total	Reimbursement Date
9/30/2014	2,094,564	47,458	2,142,022	10/23/2014
12/31/2014	2,104,683	93,642	2,198,325	4/23/2015
3/31/2015	2,143,270	70,737	2,214,007	4/23/2015
6/30/2015	2,165,424	68,943	2,234,367	8/26/2015
FY 15 Totals	8,507,941	280,780	8,788,721	
9/30/2015	2,434,461	70,132	2,504,593	10/22/2016
12/31/2015	2,972,279	61,075	3,033,354	4/28/2016
3/31/2016	3,153,329	65,128	3,218,457	4/28/2016
6/30/2016	3,631,562	64,402	3,695,964	8/25/2016
FY 16 Totals	12,191,631	260,737	12,452,368	

**FISCAL IMPACT**

The quarterly reimbursements from the OPEB Trust to the Health Benefits Fund totaling \$21,241,089 for the past two fiscal years have ensured that the County is reimbursed on a routine and timely basis for the cost of retiree health care. These routine payments in turn ensured a steady and reliable cash flow in the Health Benefits Fund, allowing the fund to meet its fiscal obligations to health plan participants.

**RECOMMENDATION**

It is recommended that the Board of County Commissioners ratify the reimbursements for retiree health care expenses from the Washoe County, Nevada OPEB Trust for fiscal years 2015 and 2016 in the total amount of \$21,241,089.

**POSSIBLE MOTION**

Should the Board agree with staff's recommendation, a possible motion would be to "move to ratify the reimbursements for retiree health care expenses from the Washoe County, Nevada OPEB Trust for the fiscal years 2015 and 2016 in the total amount of \$21,241,089.